

DEPARTMENT OF TOXIC SUBSTANCES CONTROL
HAZARDOUS WASTE MANAGEMENT PROGRAM
MANAGEMENT MEMO RESCISSION DOCUMENT

MANAGEMENT MEMO: #EO-91-010 MM

TITLE: Securities and Exchange Commission Notification

AFFECTED PROGRAMS: Statewide Compliance Division, Site Mitigation Program, Office of Legal Counsel and Criminal Investigations

STATEMENT OF RESCISSION:

Management Memo #EO-91-010MM is hereby rescinded for the following reason(s):

Background: Corporations that are subject to the rules of the Securities and Exchange Commission (SEC) are required to report "material" proceedings (17 Code of Federal Regulations section 229.103). SEC reporting requirements apply to corporations engaged in interstate commerce and having: (a) \$5 million or more in assets and 500 or more shareholders of record in any individual class of equity securities; or (b) securities listed on a national exchange. The primary purpose of the reporting laws is to provide investors with necessary and accurate information.

SEC has advised in Instruction 5 to section 229.103, that a proceeding that will result a potential civil or administrative penalty of \$100,000 or more must be reported by the corporation. Similarly, where an Imminent or Substantial Endangerment Order has been issued and a noncomplying responsible party will be potentially liable for treble damages and/or penalties of \$100,000 or more, that order must also be reported by the corporation. The purpose of the management memo was to assure that corporations would be accountable to their stockholders for environmental violations that could impact their profits or stock values.

Because there is no requirement by any law for DTSC itself to notify SEC about penalties, DTSC has decided that this management memo is not needed. Rescission of this management memo does not impact the circumstances under which a corporation is required to report to SEC, which is controlled by federal law.

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May 9, 2002 _____
Date

[original signed by Watson Gin] _____
Watson Gin, P.E.
Deputy Director